

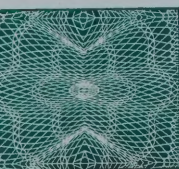
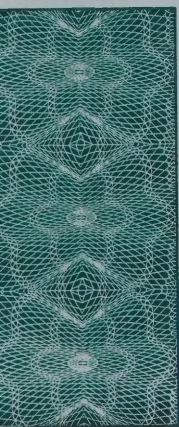
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BRITISH AMERICAN BANK NOTE COMPANY LIMITED

ANNUAL REPORT 1970





BRITISH AMERICAN BANK NOTE COMPANY LIMITED

DIRECTORS

Y. BOULANGER
Montreal

H. M. BOYCE
Vancouver

*G. HAROLD BURLAND, M.C., C.D.
Ottawa

IAN DOUGLAS, C.D., Q.C.
Toronto

Hon. GEORGE B. FOSTER, D.F.C., M.B.E., Q.C.
Montreal

J.-CLAUDE HEBERT, D.F.C.
Montreal

*KENNETH S. SARGENT
Ottawa

JAMES M. TORY, Q.C.
Toronto

*A. MURRAY VAUGHAN, C.C.
Montreal

MRS. L. M. VAUGHAN
Montreal

*R. P. WHITE, O.B.E., V.R.D.
Ottawa

*EXECUTIVE COMMITTEE

OFFICERS

A. MURRAY VAUGHAN,	Chairman and Chief Executive Officer
R. P. WHITE,	President
KENNETH S. SARGENT,	Vice President and General Manager
R. BROCK YOUNG,	Vice President Marketing
GORDON C. LESLIE,	Assistant General Manager
CLARE V. VAUGHAN,	Controller and Chief Financial Officer
JOHN M. BRADY,	Treasurer
REGINALD F. BLANDFORD,	Secretary

TRANSFER AGENT

The Royal Trust Company Montreal, Toronto and Vancouver

REGISTRAR

Montreal Trust Company Montreal, Toronto and Vancouver

AUDITORS

Touche Ross & Co.



BRITISH AMERICAN BANK NOTE COMPANY LIMITED

CHAIRMAN'S REPORT

Your Directors submit herewith the consolidated financial statements for the Company's 104th year ended December 31, 1970 as reported on by the Company's auditors, Touche Ross & Co.

Sales increased in 1970. Earnings improved as forecast. Consolidated earnings for the year 1970 were \$555,096 or \$1.23 per share compared to \$517,780 or \$1.15 per share for 1969. During the year quarterly dividends of 22c. per share were paid in March, June, September and December. Total dividends were 88c. per share.

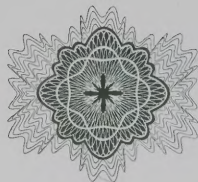
The year ended with current assets of \$2,544,867 and current liabilities of \$1,192,264. Working capital was \$1,352,603, an increase over last year on a restated basis of \$309,540.

Mr. Yvon Boulanger, President of Yvon Boulanger Limitée, Montreal, was elected to the Board of Directors on April 21, 1970.

On behalf of the Directors it is a pleasure to pay tribute to the loyal and efficient service of the Company's officers and employees.

Chairman and Chief Executive Officer.

February 16, 1971



BRITISH AMERICAN BANK NOTE COMPANY LIMITED

PRESIDENT'S REPORT TO THE SHAREHOLDERS

Your Company has continued to make improvements in facilities and services in 1970. Orders received during the year established another Company record.

SECURITY

Our security program is one of examination and re-examination regularly and frequently in order that we may be aware of the latest developments and techniques, thereby assuring our customers of the highest degree of protection.

MARKETING

Our primary objective has been to extend our markets for present processes and products. The success achieved in this plan has resulted in increased sales.

The program undertaken earlier to develop regional plants has been augmented by the addition of security and financial printing facilities in Winnipeg. This has been done with the energetic and able assistance of Saults and Pollard Limited, our Sales Agent in Manitoba for over ten years.

RESEARCH AND DEVELOPMENT

The Company is continuing its policy of improving its production facilities to meet the needs of our customers and to control operating costs. In addition to our own technical improvement program all developments in the graphic arts industry are carefully evaluated for possible application in our particular field.

PERSONNEL

The many security documents produced by our Company require the specialized skills of a variety of printing crafts - engravers, siderographers, plate finishers, steel plate printers, lithographers, letterpress printers, bindery personnel and others. Journeymen in these various trades are trained through the Company's apprenticeship program. All the men and women in the Company contribute to our main objective which is to produce quality work in an efficient manner in order to provide the best possible service to our customers. The loyalty and dedication of our employees is a most important asset.



BRITISH AMERICAN BANK NOTE COMPANY LIMITED

AND SUBSIDIARIES

DIVISIONS

Security and financial documents required across the country by corporations, investment dealers, banks and trust companies are being provided by our regional operations. These production divisions and affiliates in Montreal, Toronto, Winnipeg, Calgary and Vancouver are expanding their services by providing distribution locally for branch operations of banks and trust companies. Many security and financial forms are delivered in the shortest possible time. The regional plants at the same time maintain strict security controls. Our growth in these products and services complements the needs and growth of these customers across Canada.

We strongly recommend our shareholders promote and use the many services provided by our Company.

President.

February 16, 1971.



BRITISH AMERICAN BANK NOTE COMPANY LIMITED

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1970

ASSETS

CURRENT

	1970	1969
Cash	\$ 100,171	\$ 127,446
Accounts receivable	1,170,129	692,329
Inventories of raw materials, work in process and finished stock, valued at the lower of cost or net realizable value	1,148,930	992,404
Prepaid charges	114,657	107,347
Special refundable tax	10,980	22,819
	<u>2,544,867</u>	<u>1,942,345</u>

OTHER

Investments - at cost (approximate market value - 1970 \$529,250; 1969 \$537,250)	628,210	683,444
Deferred past service pension costs (Note 2)	204,682	269,182
	<u>832,892</u>	<u>952,626</u>

FIXED - AT COST

Building, land, furniture, equipment and engraved stock	6,226,802	6,065,946
Less accumulated depreciation	4,586,145	4,325,774
	<u>1,640,657</u>	<u>1,740,172</u>

Excess of cost of shares of subsidiary
companies over the book amount of their
net assets at the dates of acquisition

204,427	201,927
<u>\$5,222,843</u>	<u>\$4,837,070</u>

On behalf of the Board:

A. MURRAY VAUGHAN, Director

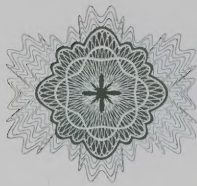
R. P. WHITE, Director

LIABILITIES

	1970	1969
CURRENT		
Bank loan	\$ 500,000	\$ 300,000
Accounts payable and accrued liabilities	580,761	404,533
Income taxes payable (Note 3)	41,988	116,077
Sales taxes payable	69,515	78,672
	<u>1,192,264</u>	<u>899,282</u>
Deferred income taxes (Note 3)	251,000	320,000
Minority interest	14,021	11,326

SHAREHOLDERS' EQUITY

Capital stock		
Authorized - 600,000 shares of no par value		
Issued and fully paid - 450,000 shares of no par value	300,000	300,000
Retained earnings	<u>3,465,558</u>	<u>3,306,462</u>
	<u>3,765,558</u>	<u>3,606,462</u>
	<u>\$5,222,843</u>	<u>\$4,837,070</u>



BRITISH AMERICAN BANK NOTE COMPANY LIMITED

AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1970

	1970	1969
Earnings from operations before deducting the expenses shown below	\$1,512,546	\$1,397,722
Depreciation	277,985	295,868
Directors' remuneration as director or officer	138,250	113,043
	416,235	408,911
Net earnings from operations	1,096,311	988,811
Investment income	45,065	50,141
Other income	15,753	8,334
	1,157,129	1,047,286
Provision for income taxes (Note 3)	597,588	529,050
Minority interest	4,445	456
	602,033	529,506
Earnings for the year	\$ 555,096	\$ 517,780
Earnings per share	\$1.23	\$1.15

CONSOLIDATED STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1970

	1970	1969
Balance at beginning of year	\$3,306,462	\$3,194,389
Share of earnings of subsidiary companies earned prior to acquisition of control	-	8,293
Earnings for the year	555,096	517,780
	3,861,558	3,720,462
Less dividends paid	396,000	414,000
Balance at end of year	\$3,465,558	\$3,306,462

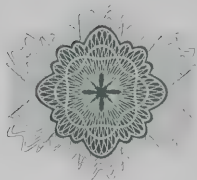


BRITISH AMERICAN BANK NOTE COMPANY LIMITED

AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1970

	1970	1969
SOURCE		
From operations		
Earnings for the year	\$ 555,096	\$ 517,780
Amounts charged against earnings not requiring an outlay of funds		
Depreciation	277,985	295,868
Amortization of deferred past service pension costs (Note 2)	64,500	113,548
	<u>897,581</u>	<u>927,196</u>
Share of earnings of subsidiary companies earned prior to acquisition of control	-	8,293
Sale of investments	55,234	6,853
Increase in minority interest	2,695	11,326
	<u>955,510</u>	<u>953,668</u>
APPLICATION		
Dividends	396,000	414,000
Purchases of fixed assets - net	178,470	315,612
Excess of cost of investment in subsidiary companies over equity in net book value of assets acquired	2,500	93,365
Decrease in deferred income taxes (Note 3)	69,000	106,000
	<u>645,970</u>	<u>928,977</u>
Increase in working capital	309,540	24,691
Working capital at beginning of year	1,043,063	1,018,372
Working capital at end of year	<u>\$1,352,603</u>	<u>\$1,043,063</u>



BRITISH AMERICAN BANK NOTE COMPANY LIMITED

AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1970

1. Subsidiary Companies

The consolidated financial statements which have been circulated to shareholders include the accounts of British American Bank Note Company Limited (incorporated under the Canada Corporations Act) and its subsidiaries whose financial statements are not published.

Wholly Owned

- The Franklin Press Limited (incorporated under the Laws of Ontario)
- Compagnie de Billets de Banque Québec Ltée - Quebec Bank Note Company Ltd. (incorporated under the Quebec Companies Act)
- Alberta Banknote Co. Ltd. (incorporated under the Companies Act of the Province of Alberta)

Partly Owned

- Security Printing Corporation Ltd. (formerly Insta Print Ltd.) (incorporated under the British Columbia Companies Act)
- Winnipeg Banknote Co. Ltd. (incorporated under the Manitoba Companies Act)

2. Deferred Past Service Pension Costs

In 1966 the company made a lump sum payment to the pension plan in respect of past service benefits. The annual amortization of \$64,500 was charged against income during the year leaving a balance in this account of \$204,682.

3. Income Taxes

Income taxes currently payable exceed the provision for income taxes by \$69,000 and deferred income taxes on the balance sheet has been reduced by this amount. This arises from the following:

Excess of depreciation over the maximum capital cost allowances allowable for income tax purposes	\$34,000
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Reflection in the accounts of a portion of pension costs, referred to in Note 2, which were claimed for income tax purposes when paid	<u>35,000</u>
	<u>\$69,000</u>

4. Disclosure of Sales

By an order made pursuant to Section 117(1)(a) of the Canada Corporations Act, the company is authorized to omit the amount of sales or gross revenue derived from its operations from its financial statement to be laid before the next annual meeting of shareholders.



BRITISH AMERICAN BANK NOTE COMPANY LIMITED

AUDITORS' REPORT

The Shareholders

British American Bank Note Company Limited

We have examined the consolidated balance sheet of British American Bank Note Company Limited and its subsidiaries as at December 31, 1970 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the company and its subsidiaries as at December 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE ROSS & CO.

Chartered Accountants

Ottawa, Ontario, February 3, 1971



BRITISH AMERICAN BANK NOTE COMPANY LIMITED

AND SUBSIDIARIES

SALES OFFICES

MONTREAL

2135 Drummond St.
W. M. PRICE - Manager

TORONTO

193 King St. E.
R. D. JOHNSON - Manager

DIVISIONS

TORONTO - *THE FRANKLIN PRESS LIMITED*

193 King St. E.

CALGARY - *ALBERTA SECURITY PRINTING*

2005 10th Ave. S.W.
D. B. MacRAE - Manager

WINNIPEG - *WINNIPEG BANKNOTE COMPANY LTD.*

1499 Buffalo Place
L. O. POLLARD - Vice-President

VANCOUVER - *SECURITY PRINTING CORPORATION LTD.*

822 Homer St.
P. LINDSELL - President

PRODUCTS

bank notes
postage stamps
revenue stamps
share certificates
warrants
bonds and debentures

travellers' cheques
money orders
dividend cheques
cash bonus coupons
promissory notes
annual and interim reports

prospectuses
trust deeds
personalized cheques
order forms
statements of fact
proxies

and many other financial documents

